

# Strategic Review

## Chairman's Statement

**Dear Stakeholders,**

### Overview

2024 was not only a busy and successful year in terms of our overall commercial and operational performance – one in which we clearly showed the resilience of our core businesses – but also one in which we laid the building blocks for sustainable profitable growth. These building blocks comprised diversification of our business and investment in technology to improve operational efficiency and to become more customer centric. I will deal with each of these aspects in the ensuing paragraphs.

Details of the performance for FY 2024 are set out in the CEO's and the CFO's Statements. Personally, I believe the Group did well to achieve modest growth in revenue and profitability in a very challenging and competitive environment.

### Diversification of business

In October 2024 we signed a Sale and Purchase Agreement for the purchase of Zahrat Al Rawdah Pharmacies ("Zahrat"). This acquisition was completed in February 2025. The acquisition of Zahrat, a high-quality 'top 5' pharmacy business with more than 170 branches currently in the Kingdom, gives us ownership of the assets and the right to the Zahrat name within KSA. It also brings the prospect not only

of expanding that business domestically but also specifically of opening pharmacies within our supermarkets, thereby expanding the addressable market of the pharmacies and at the same time improving the shopping convenience of our loyal customer base. We expect our first-mover advantage into this space to bring significant synergistic benefits to the Group.

In Q3 2024 we announced the acquisition of a sister company, Jumairah Trading Company – a distribution business which was already selling some of its brands through our stores. The acquisition of this successful and profitable distribution business allows us to capture the distribution margin but, more importantly, gives us a platform for acquiring other well-known international brands that would be attracted by our ability to introduce their products in our extensive retail network.

Our subsidiary Ykone, one of the leading influencer marketing agencies globally, with a turnover nearing USD 100 million, acquired an 85% stake in Barcode, a prominent Indian content and influencer agency, strengthening its position in the industry by giving it access to one of the largest social media markets in the world.

We launched two new brands in the form of 'BinDawood Dash' and 'Danube Dash', being smaller-format convenience stores, leveraging off our two core retail brands. These stores have been specifically designed to cater to the needs of modern shoppers, offering a curated selection of premium quality, imported goods. The initial response has been positive and we have a clear vision for an accelerated roll-out of this format.



**We are investing substantially in technology every year. Artificial intelligence is now a reality for a growing number of businesses, although many struggle to articulate exactly where the right applications of AI actually lie for them.**

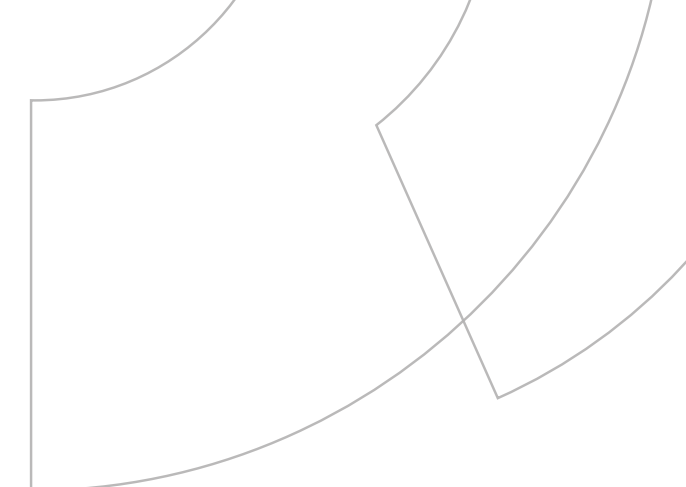
In Q3 2024 we entered new territory in more than one sense by signing a franchise arrangement with The Regional Group in Qatar. The agreement authorises the establishment and operation of eight supermarket branches under the BinDawood brand in Qatar, marking a significant step in our expansion strategy within the Gulf region. We now have a presence in Bahrain and Qatar.

### Investment in technology

We are investing substantially in technology every year. Artificial intelligence is now a reality for a growing number of businesses, although many struggle to articulate exactly where the right applications of AI actually lie for them. We can already see the benefits to our stock selection, our ordering processes and our customers. Our employees can already operate more efficiently using AI technology available on their mobile phones in-store, for example by requesting product or pricing information on a bespoke real-time basis whilst operating on the shop floor. We are also increasingly delivering similar information to our suppliers, quickly and accurately.

This technology is rapidly bringing operational improvements and simultaneously allowing us to improve the customer experience whilst saving costs. We are, for example, already moving into the area of 'suggestive ordering' where, by analyzing and segregating their past shopping data, we can suggest the most appropriate ingredients for a customer looking to make a particular dish, based on their previous behaviour. Many similar technology solutions are emerging, including the 'Scan and Go' concept which we pioneered in the Kingdom. We will continue to implement those which improve the overall customer experience.

Our fully automated Dark Store in Bahrah, which is due to go live in H1 2025 and which will set the benchmark within the Kingdom's online grocery shopping industry, has been developed in partnership with Swisslog. The AutoStore technology which underpins that new operation allows a huge reduction in floor space of approximately 75%, bringing obvious cost savings and synergies. The historic 'picker to goods' model is being turned on its head. In future this will become 'goods to picker', with robotic shelf selection technology bringing the ordered items automatically to the picker, rather than the other way round.



The efficiencies are material: in the past, a USD 100 basket size order typically took 40 minutes to fulfill; with our new technology, that time has already reduced to 9 minutes, with the expectation of reducing this further in due course. Greater efficiencies give us greater scale and that, in turn, gives us greater recruitment requirements.

The need for an advanced technology solution of this kind stemmed from the supply chain bottlenecks we experienced during the pandemic. The development journey for that project will have taken almost 5 years from initial panning through to AutoStore activation. This is indicative of the level of investment in time and resources we are prepared to make, as we evolve into a broader technology-led group of businesses.

### Acknowledgements

I thank our customers, together with all our commercial partners, especially our trusted suppliers, for investing in the mutually rewarding relationships which underpin our joint welfare. I also thank all of the Group's employees for their substantial efforts in 2024. They are ultimately the key drivers of our success; the growth of our business this year was directly linked to their dedication and expertise.

The Board and the Executive Management team again remained unchanged during 2024. I thank them all for the immense value they add to both our strategic planning and to our operational execution, leveraging their collective wealth of local and international experience in the growing number of sectors in which we operate.

Lastly, I express my sincere gratitude and heartfelt thanks to the Government of the Kingdom of Saudi Arabia and The Custodian of the Two Holy Mosques, His Majesty King Salman bin Abdulaziz Al Saud for his wise and visionary leadership, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince of the Kingdom of Saudi Arabia, for driving Saudi Arabia's Vision for 2030. Our business is evolving rapidly, tracking the transformation of the Kingdom itself, and I look forward to the next chapter with great enthusiasm.

### Abdulrazzag BinDawood

Chairman of the Board of Directors of BinDawood Holding

